



## University of Connecticut's Affordability to Students

### Background

In June 2013, the program review committee authorized a study to examine how the affordability of a University of Connecticut (UConn) undergraduate education has changed, with particular attention to in-state students. UConn is the state's flagship institution, with a main campus in Storrs, five regional campuses, and a medical center.

In part to support an increase in the number of faculty, UConn's Board of Trustees recently approved a series of tuition and fee increases over 5% annually.

The state supports UConn directly through appropriating funds and by covering a portion of the university's health benefits. The state also has given UConn over \$2 billion in bond funding over the past 18 years for two building and expansion initiatives. An additional \$1.5 billion in funding will be provided for construction activities over the next 10 years as part of the NextGen initiative.

The affordability of UConn and other universities is somewhat difficult to evaluate. The perception of affordability is specific to individual students and their families, who bear short- and long-term costs. Postsecondary education is considered a long-term investment with generally positive – though variable – returns. In that context, it may be reasonable to incur substantial debt. However, data on both costs and payoff are difficult to locate.

Accepted methods to assess affordability over time include comparing college prices to inflation and income levels. Student debt and default rates also can be indicators.

This report is based on: price, debt, and income information from federal and private sources; UConn data on a range of topics; interviews with affordability researchers, UConn personnel, and financial aid administrators in other states; and literature on college affordability.

### Main Findings

**UConn's affordability has worsened but overall, compares well to other flagships and peers for in-state students.** Prices have risen beyond inflation and income. For example, UConn tuition and fees rose 9 percent over inflation from 2008-09 to 2011-12, demanding a 13 percent larger share of the state's median income. Although UConn's prices exceed most other universities', Connecticut's high income levels (even at lower income brackets) translate into better affordability – though not for out-of-state students.

**Despite relative affordability, UConn prices can be burdensome, especially for lower- and middle-income families.** One measure shows a family would have to pay 48 percent of its \$15,000 annual income (upfront and/or through loans) for a single year at UConn – and the share has been growing. UConn's financial aid packages have been increasingly reliant on federal education loans for parents, especially for those at low income levels. Education loans are the majority of all financial aid dollars.

**UConn has been devoting substantial and growing resources to merit- and need-based grant aid,** as its student population has grown needier. UConn has offered need-based aid to more students but overall, average need-based grant aid has fallen. At the same time, UConn gives merit aid to certain students with no or relatively little financial need, a common practice among universities.

**The effects of UConn's financial aid and price policies are opaque, which could make it hard for prospective students and families to understand likely true prices.** For most students, there is a large difference between UConn's list prices and price actually paid, and prices grow annually. UConn does not seem to make these facts clear to potential students.

**UConn's spending has risen – and so has its quality – with increasing reliance on tuition and fees.** Competitive pressures and perhaps other cost drivers have increased spending slightly (up 7 percent on a per student basis, since FY1996). State support, though substantial, has declined, leading the university to raise a larger share of its revenue (39 percent) from tuition and fees – especially from out-of-state students. Admissions and outcome data indicate UConn's quality has improved.

### PRI Recommendations

**Several recommendations are proposed to clarify and potentially improve UConn's affordability.** The recommendations would:

1. **Inform prospective students and their families of scheduled price increases,** on the university's financial aid website;
2. **Require feasibility studies of two proposals,** one involving price schedules and another to offer more – and better publicized – need-based grant assistance, both of which have been done by other flagships; and
3. **Inform policymakers about UConn's financial aid, credit acceptance policies, and graduate employment outcomes.**

In addition, six policy options to further improve affordability are discussed.